



SEASONAL PERSPECTIVES

PLAN HIGHLIGHTS

<p>What is a 457 deferred compensation plan?</p>	<p>A number of Internal Revenue Code (IRC) sections define contributory retirement plans. These include section 457, commonly called 457 deferred compensation plans. Deferred compensation plans allow eligible employees to supplement any existing retirement/pension benefits by saving and investing before-tax dollars through voluntary salary deferral. Before-tax contributions and any earnings are tax-deferred until money is withdrawn, usually at retirement when the participant is typically receiving less income and is in a lower tax bracket than while working. Withdrawals are subject to ordinary income tax. You also have the option to contribute to a Roth 457 account, which allows you to save after-tax.</p>
<p>Why should I participate in the Plan?</p>	<p>Working together with any other employer-sponsored retirement or pension benefits, Social Security benefits, and personal savings you may have, your State of Vermont 457 Deferred Compensation Plan (Plan) can help you tap into a more comfortable and secure financial future. Not only are you able to save and invest on a tax-deferred basis, but the Plan offers a diverse selection of investment options, low fees, local service representatives, financial education services, and planning tools that can help you better prepare for retirement.</p> <p>If you need to save and invest additional money for retirement, and/or reduce the amount of current state and federal taxes you pay each year, participating in the Plan may be a very smart move.</p>
<p>Is there any reason why I should not participate in the Plan?</p>	<p>Participating may not be advantageous if you are experiencing financial difficulties, have excessive debt, or do not have an adequate emergency fund (typically in an easy-to-access account).</p>
<p>What are the advantages of saving on a tax-deferred basis?</p>	<p>As your retirement account grows, you do not pay taxes on any earnings until you begin to withdraw money. And with the added benefit of compounding, any earnings on all contributions are reinvested in your account, where they have the potential to grow even more since they are not being reduced by taxes each year.</p>
<p>What are the advantages of Roth savings?</p>	<p>Roth contributions are made with after-tax dollars. Roth 457 contributions reduce your take-home pay because you pay taxes on your Roth 457 contributions up front, rather than deferring those taxes until you take a distribution. The Roth option could be advantageous if you expect to be in a higher tax bracket during retirement than you are while working.</p>
<p>How are the Plan's assets protected?</p>	<p>All Plan assets are held in trust for the exclusive benefit of Plan participants and their beneficiaries. This means that Plan assets are not subject to the claims of State creditors in the event of the State's bankruptcy. This also means that these monies are always 100% yours.</p>
<p>Does participation in the Plan affect my pension or reduce my State pension/retirement benefits?</p>	<p>No. This is a supplementary Plan that does not replace or reduce your State retirement benefits.</p>
<p>How do I know if I am eligible to participate in the Plan?</p>	<p>All current State and Municipal employees (whose Municipality offers the Plan) are eligible to participate in the Deferred Compensation Plan.</p>
<p>How do I enroll?</p>	<p>It's simple. Just complete an enrollment form, indicating the amount you wish to contribute and your investment choices. Your contributions will be automatically deducted from your paychecks as soon as all administrative processing is complete.</p>
<p>What happens to the money I contribute?</p>	<p>The Plan offers a wide variety of professionally managed investment options ranging from conservative to aggressive in risk/return potential. Once you have decided on a total amount to contribute, you will instruct Great-West Financial® to invest that money in any combination of the available investment options that you believe can help you meet your financial goals. Your contributions will be automatically deducted from your regular paychecks and deposited to your investment selections. If your investment goals change, you can change the dollar amount you invest in each option, and you can also change the options in which you invest. And if you stop contributing, the money you have saved plus any investment earnings will remain in your account and in the investment options you have selected until you take a distribution.¹</p>

<p>Can I combine assets from my other retirement plans into this 457 Plan?</p>	<p>Yes. You may combine your retirement accounts (457, 401(k), 403(b) and IRAs) with your 457 Plan. However, all non-457 plan assets transferred into the 457 Plan remain subject to an early withdrawal penalty. You may also transfer a prior employer-sponsored Roth account (but not a Roth IRA) into your Roth 457 Plan.²</p>
<p>What is the contribution amount?</p>	<p>The minimum contribution amount is \$20 per paycheck. You can contribute a maximum of 100% of your includible compensation, but no more than \$18,000 in 2015. This amount may be indexed for inflation thereafter.</p> <p>If you are within three years of reaching your normal retirement age as stated in your Plan document, you may utilize the Standard Catch-Up provision. With Standard Catch-Up, you may contribute an additional \$18,000 in 2015. That amounts to a total possible contribution of up to \$36,000 in 2015. This amount may be indexed for inflation thereafter.</p> <p>If you are age 50 or older during the calendar year, you may contribute an additional \$6,000 in 2015 to the Plan for all Plan years except the years that you utilize the Standard Catch-Up provision. This Age 50+ Catch-Up provision and the Standard Catch-Up provision cannot be utilized in the same calendar year.</p>
<p>May I increase or decrease my contribution amount?</p>	<p>You can increase, decrease or stop your contributions by completing a Salary Deferral Agreement and submitting it to your payroll department.</p>
<p>What are my investment choices?</p>	<p>You can choose from among a diverse array of investment options, including a stable value option and mutual fund options.</p> <p>Your investment options are described fully in the Investment Option Overviews. Information is also available through the website at www.vermont457.com and by calling KeyTalk® toll-free at (800) 457-1028.³</p>
<p>How do I make investment option changes?</p>	<p>Just use your Passcode⁴ and Username to access the website at www.vermont457.com, or call KeyTalk toll-free at (800) 457-1028.³</p> <p>Both services enable you to:</p> <ul style="list-style-type: none"> • Move all or a portion of your existing balances among investment options (subject to Plan rules) • Change how your payroll contributions are invested
<p>How do I keep track of my account?</p>	<p>A quarterly account statement showing your account balance and activity for the quarter will be mailed to your address on file. If you would rather receive your statements electronically, sign up on the website to Go Paperless. It's quick and easy to check your account balance, move money among investment options, etc. on the website at www.vermont457.com or via KeyTalk toll-free at (800) 457-1028.³</p>
<p>When will I receive my statement?</p>	<p>Statements are mailed to you on a quarterly basis—every January, April, July and October. If you choose to receive your statements electronically, you will receive quarterly emails notifying you that your statement is available online. Some of the features your statement will include are your account balance, at-a-glance graphics of your asset allocation, and an account summary by contribution source.</p>
<p>May I transfer or roll over my account balance if I leave employment with the State of Vermont?</p>	<p>You have two choices when you leave employment:</p> <ul style="list-style-type: none"> • You can transfer your account balance to another eligible 457 plan if your new employer accepts this type of transfer. You may also roll over your account balance to a 401(a), 401(k) or 403(b) plan or IRA.² • You may leave your money in the State of Vermont 457 Plan and continue to take advantage of the low fees, diverse selection of investment options, account management tools, and on-site staff. <p>Any 457 Plan assets transferred into another plan (IRA, 401(k), 403(b), etc.) may become subject to the early withdrawal penalty when distributed from the new plan.</p>
<p>When can I withdraw the money from my account?¹</p>	<p>You may withdraw money only when you:</p> <ul style="list-style-type: none"> • Retire • Experience an unforeseeable emergency within the Plan guidelines—see your Great-West Financial representative for additional details⁵ • Die (your designated beneficiary(ies) will receive your benefits) • Terminate employment with the State • Are eligible for a de minimis withdrawal

When can I withdraw the money from my Roth account tax-free?

Your Roth distributions are income tax- and penalty-free if you withdraw your Roth contributions and earnings after holding the account for at least five years and:

- You are at least age 59½ and have severed employment; or
- You become disabled; or
- You die (after which your beneficiaries will take the withdrawal).

If a distribution is made from your Roth 457 account before you reach age 59½ and it is not due to death or disability or reaching the five-year period beginning with your first Roth contribution, you will pay income taxes on any earnings that are distributed. Otherwise, there is no income or penalty tax due on the Roth contributions distributed from the Plan because they were made with after-tax dollars.

What are my distribution options?

When you are eligible for a distribution, you may:

- Leave the value of your account in the Plan until a future date
- Receive:
 - A lump sum
 - A partial lump sum
 - Periodic payments
 - Annuity payments
- Roll over or transfer to another eligible plan (but be aware that these rollovers may be subject to Vermont state income tax, and some services in your current Plan may not be available in another plan that accepts such rollovers)²
- Stay in the Plan

Can I use my 457 account balance to purchase service credits?

If you are eligible to purchase prior years of service in the State of Vermont pension plan, you may transfer funds from your 457 account while still employed to pay for prior years of service.

Do I report any current earnings on my account to the IRS?

Do not report any current earnings or losses from the Plan on your federal income tax forms. Any earnings on your before-tax contributions are tax-deferred until withdrawn, usually at retirement.¹

How will distributions from my tax-deferred account be taxed?⁶

Distribution withholdings will vary depending on the type of distribution you request. Generally, 20% federal income tax withholding will apply to distributions unless you elect a direct rollover of the entire amount or take a periodic payment that lasts longer than 10 years. If you are living in a state with state income tax when taking distributions, state income tax may also be withheld. By January 31 of the year(s) following the year(s) in which you receive a distribution, you will receive a 1099-R for the distribution amount.

What happens to my money when I die?

If you die before you select a payment distribution method, your designated beneficiary(ies) will receive the full value of your account. If you die after you have selected a payment distribution method, the terms will determine how much your beneficiary is entitled to receive under the method you chose. Your beneficiary(ies) must contact Great-West Financial to apply for a distribution.

Are there any recordkeeping or administrative fees to participate in the Plan?

Yes, the fees are 0.10% of your account balance, deducted at 0.025% per quarter. This means that for every \$1,000 you have in your account, you will only pay \$1.00 per year. There are also investment management fees (also known as expense ratios) that vary by investment option. These fees are deducted by each investment option's management company (not by the Plan or Great-West Financial) before the daily price or performance is calculated, and they pay for trading and other management expenses. You can find your Plan's investment option expense ratios on the website or in your Plan's Investment Options at a Glance performance report.

What do I do if I can't remember my PIN or if I lose it?

You can order a new Passcode⁴ on the website at www.vermont457.com or by calling KeyTalk toll-free at **(800) 457-1028**.³

How can I get help choosing my investment options?

The Plan has a service called Reality Investing[®] Advisory Services. You can have Advised Assets Group, LLC (AAG), a federally registered investment adviser, manage your retirement account for you. Or if you prefer to manage your retirement account on your own, you can use online investment guidance and advice tools. These services provide a retirement strategy based on your investment goals, time horizon and tolerance for risk. For additional information, log in to the Plan's website at www.vermont457.com and click on "Advisory Services."³ You may also call **(800) 888-4952** Monday through Friday, 9:30 a.m. to 7:00 p.m. Eastern Time, to speak to an AAG adviser representative.

There is no guarantee that participation in the Reality Investing[®] Advisory Services will result in a profit or that your account will outperform a self-managed portfolio.

Are there any fees for participating in Reality Investing® Advisory Services?

While there is no cost to use Online Investment Guidance, there is a \$25 annual fee (assessed quarterly at \$6.25) for Online Investment Advice.

If you have chosen to have AAG manage your account for you, the annual Managed Account fee is based on your account balance, as follows:

Participant Account Balance	Annual Managed Account Fee
Less than \$100,000	0.45%
Next \$150,000	0.35%
Next \$150,000	0.25%
Greater than \$400,000	0.15%

For example, if your account balance is \$50,000, the maximum annual fee will be 0.45% of the account balance. If your account balance is \$500,000, the first \$100,000 will be subject to a maximum annual fee of 0.45%; the next \$150,000 will be subject to a maximum annual fee of 0.35%; the next \$150,000 will be subject to a maximum annual fee of 0.25%; and any amounts over \$400,000 will be subject to a maximum annual fee of 0.15%.

The annual Managed Account fee is assessed in quarterly installments. The fee is calculated based on your account balance as of the day the fee is debited, and it is debited during the last five to seven business days of each quarter. If you cancel participation in the Managed Account service, the fee will be based on your account balance on the date of cancellation and will be deducted within five to seven business days prior to the end of the quarter in which the cancellation request was presented.

Who do I call if I have questions?

Call KeyTalk at **(800) 457-1028** to speak with a local representative from 8:00 a.m. to 5:00 p.m. Eastern Time; or you can speak with a National Call Center representative Monday through Friday, 9:00 a.m. to 8:00 p.m. Eastern Time.^{3,5}

You can call KeyTalk toll-free at (800) 457-1028 to speak with a local representative, or visit our website at www.vermont457.com.^{3,5}

1. Withdrawals from before-tax retirement plans are subject to ordinary income tax (no age requirement).
2. You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitation of investment options.
3. Access to KeyTalk and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the website or KeyTalk received on business days prior to close of the New York Stock Exchange (4:00 p.m. Eastern Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.
4. The account owner is responsible for keeping the assigned PIN/Passcode confidential. Please contact Great-West Financial immediately if you suspect any unauthorized use.p
5. Representatives of GWFS Equities, Inc. are not registered investment advisors and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.
6. Qualified distributions from your Roth 457 account are tax-free if they meet the criteria that is called out in these highlights. If a distribution is made without meeting the qualifications, you will pay income tax on any earnings that are distributed.

Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker dealers.

GWFS Equities, Inc., Member FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Great-West Financial® refers to products and services provided by Great-West Life & Annuity Insurance Company (GWL&A), Corporate Headquarters: Greenwood Village, CO, and its subsidiaries and affiliates. Managed Account, Guidance and Advice services are offered by Advised Assets Group, LLC (AAG), a federally registered investment adviser. More information can be found at www.adviserinfo.sec.gov. The trademarks, logos, service marks, and design elements used are owned by Great-West Life & Annuity Insurance Company and are used by permission. All trademarks, logos, service marks, and design elements used are owned by their respective owners and are used by permission. ©2014 Great-West Life & Annuity Insurance Company. All rights reserved. Form#CB1005PH (12/2014) PT211826